

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:5819
ANSWERED ON:08.09.2011
PROFIT SHARING ARRANGEMENT BETWEEN GOVERNMENT AND PSUs
Maharaj Shri Satpal

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) whether there is any profit sharing arrangement between the Government and Public Sector Undertakings (PSUs);
- (b) if so, the details thereof;
- (c) whether the funds for the modernization or capacity enhancement as needed by PSUs comes from the profit earned by the company or is being given through a separate grant; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a) & (b): There is no profit sharing between the Government and Central Public Sector Enterprises (CPSEs). Boards of CPSEs are expected to declare dividends out of their profits as per Government guidelines issued from time to time and provisions of Companies Act, 1956. Total dividend declared by CPSEs is Rs. 28123.13 crore, Rs. 25501.43 crore and Rs. 33222.68 crore for the financial year 2007-08, 2008-09 and 2009-10 respectively.

(c) & (d): Funds for the modernization for capacity enhancement needed by Central Public Sector Enterprises (CPSEs) form part of plan out-lay. Plan out-lay, in turn, comprises Internal Resources, Budgetary Support (from Government) and Extra-budgetary Resources (EBR). Internal Resources of CPSEs come mainly through profits. Budgetary Support to CPSEs, in turn, mainly comprises of Government Equity and long Term Loans. In exceptional circumstances however, it may be given as grants. The figures for plan outlay of CPSEs for three years are given in the Table below:

(Rs. in Crore)

Year	Internal Resources	Extra-budgetary Resources	Budgetary Support	Plan Outlay
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2007-08	68140.97	38692.82	2745.80	109579.59
2008-09	72815.68	75807.99	1629.64	132253.31
2009-10	84980.15	65633.85	4458.75	155072.75